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Scott. II-27—50,006—28-11-42.

Home (1943) Department.

(10) MS SERIES.

G.O. No. 3432

Dated 29-12-'43

[Despatch Abstract.]

FEES - Kollegal Silk Filatures Limited - Kollegal Station Crime No.11/42 - Section 409, Indian Penal Code - Investigation of accounts - Auditors' fees - Sanctioned.

C.F. 32 (a).

ASSISTANT SECRETARY TO GOVERNMENT
8-DEC 1943
HOME DEPARTMENT

Police Department — Received — Registered

From (Name) L.B. Gasson, Esquire,
Designation Inspr.-Genl. of Police,
Station Madras.

To
The Secretary to the
Government of Madras,
Home Department.

Enclosures:

RC No. 1135-C/Stat/43 dated 7th December 1943.

Sir, Sub:--Auditor's fees in Kollegal Station Crime No.11/42-Section 409, Indian Penal Code--Kollegal Silk filatures Ltd.--Payment--Sanction--Requested.

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I have the honour to request that the Government will be pleased to accord sanction for the payment of a sum of Rs.1,240/- to Messrs.Sankaran and Raman, Registered Accountants, who were engaged in connection with the enquiry relating to the embezzlement of nearly Rs.34,000, committed by the managing agents of the Kollegal Silk Filatures, Ltd., Kollegal, in the Coimbatore district.

2. I enclose for the information of the Government a copy of a letter C.No.3141/Genl./43, dated 20th November 1943, from the District Superintendent of Police, Coimbatore, together with a copy of the auditors' bill for Rs.1,240/-, and the connected correspondence between the Government and the Managing Director of the Company. The services of the auditors were absolutely necessary for the efficient prosecution of the case, and I request the Government to sanction the fees claimed by them.

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3. The expenditure will be met from the appropriation under "29.c. Police--District Executive Force--A. District Police--I.--Ordinary Areas--5. Contingencies--Authorised--Other charges--Miscellaneous".

I have the honour to be,
Sir,
Your most obedient servant,

for Inspr.-Genl. of Police.

KVS.4.12.

Copy of letter No.3141/Genl./43, dated 20-11-1943 from the District Superintendent of Police, Coimbatore.

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Ref:-Auditor's fees in Kollegal Station Cr.No.41/42 Sec.409 I.P.C. Kollegal Silk Filatures, Ltd., Correspondence ending with Chief Office memo No.1135-c/Statl./43, dated 12-11-1943.

Crime No.41/42 sec.409 I.P.C. is a case of Embezzlement of nearly Rs.34,000/- committed by Messrs.F.L.Silva & Sons, Ltd., the Managing Agents of Kollegal Silk Filatures Co., Ltd., Sri K.T. Achaya, Sericulture expert, Kollegal, was the Government Director of the Factory and the factory was preparing silk for 'Parachute Fabric' for supply to the Supply Department of the Government of India. The Madras Government had invested Rs.17,500/- as shares in the company.

F.L. Silva and his sons failed to produce the cash balance at a meeting of the Directors and also within the time granted to them by the Directors at a subsequent meeting.

Mr. K.T. Achaya was authorised by the Madras Government to take necessary action. He, therefore, went to Coimbatore and got a complaint drafted by the Public Prosecutor and presented the complaint to me at Coimbatore on 29-6-1942, which was forwarded by me with the following endorsement, to the Circle Inspector.

"A case should be registered and investigated with the assistance of Auditor who will be provided by the Government Sericulture Expert. The latter should be allowed to run the factory."

The Circle Inspector of Police, Kollegal who received the complaint on 30-6-42 through the Sericulture Expert during the absence of Sub-Inspector registered it and investigated.

On 4-7-42, the Registered Auditor (Accountant) came to audit the accounts with a letter from a Director Sri M.S. Ganesha Ayyar who had also gone to Coimbatore with the Government Director to prepare the complaint. The Auditor was, therefore, given necessary instructions to audit the accounts. The books which had been seized by the Inspector and sent to court, were got back and given to the Auditor's custody for the purpose of auditing. The auditor checked the books and sent his report on 11-7-42 to the Inspector of Police, Kollegal who after completing his investigation charge-sheeted the three individuals viz., 1. F.L. Silva, 2. L.F. Silva, son of No.1 and 3.Richard Silva, son of No.1, before the Sub-Divisional Magistrate, Kollegal, under secs.409, 477 A and 120 (b) I.P.C., but the case could not come up for trial on account of the obstructive tactics played by the accused. The accused wanted to make good the amount and approached the Government for the withdrawal of the charge. Before September 1942, the accused paid all the amount into the bank and requested the Board of Directors to withdraw the charges. Though the Board of Directors recommended the withdrawal it was refused by the Government. The case was proceeded with and after a protracted trial all the 3 accused were convicted and sentenced to imprisonment and fine on 16-2-43 in C.C.No.11/42, dated 16-2-43 on the file of the Sub-Divisional Magistrate, Kollegal.

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-25-

Against the conviction and sentence the accused filed appeals before the Sessions Judge, Coimbatore. The Additional Sessions Judge, Coimbatore in C.A.Nos. 32 and 33/43, confirmed the conviction and sentence passed by the Sub-Divisional Magistrate, Kollegal in respect of the 1st accused and reversed the order of the Lower Court in respect of the 2nd and 3rd accused. A-1 has moved the High-Court in revision against the order of the Sessions Judge and application for appeal against the acquittal of A-2 and A-3 was also made and the matter is still pending in High Court. It was believed that the auditor's fees would be met by the Company. Appeal against the acquittal of Accused in G.O. No. 1348 Home 19-6-43

In the circumstances mentioned above, sanction of the Inspector-General of Police or Government was not obtained beforehand, for the appointment of the Auditor. In view of the Government's endorsement to the Company in their letter No. 22516 d-1/43, dated 16-9-43, copy already sent, I request that sanction may kindly be obtained for the payment of the fees.

FOR Inspr.-Genl. of Police.

KVS.4.12.

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Copy of Bill of Sankaran and Raman, Registered Accountants, National Insurance Buildings, Camp. Bangalore dated 10-7-1942.

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Total time spent by our Principal, Mr. S. Subbaraman on work (Kollegal Silk Filatures Ltd., Investigation.)

At Kollegal..	4th July 1942.	8½	hours.
	5th ,,	8½	"
	6th ,,	8½	"
	7th ,,	8½	"
	8th ,,	9½	"
	9th ,,	4½	"
At Bangalore.	10th ,,	7½	"
Office time spent in travelling on 3rd and 9th July.		8	"
Total No. of hours spent on this work		61½ hours.	

20 / 61½ / 20 / 120 / 1230 / 10 / 1240

Charges at Rs. 20/- per hour being within the limits fixed by the Central Government of India of Rs. 10/- and 50/- per hour for the Principal.	1,230	0	0
Travelling expenses from Bangalore to Kollegal exclusive of Boarding and lodging for 6 days at Kollegal.	10	0	0
Total	Rs. 1,240	0	0

Rupees One thousand, two hundred and forty only.

The Central Govt. in consultation with the Indian Accountancy Board had laid down the following scale of fees for work done by Registered Accountant in India:--

1. For Giving *Expert evidence in courts of Law in British India

Between Rs. 50/- to Rs. 150/- according to the professional standing of the witness, for each day spent in attendance or travelling.

"Other work" not requiring any unusual attention on the part of the Principal:-

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(a) Audits, Accountancy and Secretarial Work:--

Principal.	Rs. 10	to	Rs. 30/-	per hour.
Senior clerks	3	,,	10	,,
Junior "	1	,,	5	,,

(b) Investigation:--

Principal.	Rs. 10	to	Rs. 50/-	per hour.
Senior clerks.	5	,,	15/-	,,
Junior ,,,	2	,,	5/-	,,

Office time spent in travelling is chargeable, and, in addition travelling and out-of-pocket expenses in the case of out-station work.

*The term "Expert evidence" includes evidence which an Accountant is called upon to give by virtue of his having conducted on audit or investigation.

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Letter dated 10th August 1943 from the Managing Director, The Kollegal Silk Filatures, Ltd., Mysore Chamber of Commerce Buildings, Bangalore City, to the Secretary to Govt., Development Department, Fort St. George, Madras.

As Govt. are aware, Criminal Proceedings were instituted against the Ex. managing agents of the Kollegal Silk Filatures, Ltd., Messrs. Silva & Sons, for misappropriation of the Company's funds, and the proceedings ended in their conviction.

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P.T.O.

In this connection at the request of the Superintendent of Police, Coimbatore, Mr. Achayya, the then Govt. Director, requisitioned the services of an Auditor of the Firm of Messrs. Sankaran and Raman in order to investigate and furnish the Police with the requisite material to conduct the prosecution. The Auditors after submission of the report had to attend the District Magistrate's Court at Kollegal on 14th August 1942 and subsequent dates to which the case stood posted. For the services thus rendered to the Police the Auditors have sent in a bill for Rs.1,200/-.

The Directors of the Kollegal Silk Filatures consider that this is not a legitimate charge on the funds of the company since the Auditors' help was necessitated as a result of the Police prosecution and should accordingly be borne by Govt. as part of judicial expenses and have authorised me to make a representation to Govt. in the matter. A copy of the Directors' Resolution is submitted herewith. On a reference made by me, on 15-5-43 to the Director of Industries and Commerce in this matter, that officer remarked that if Mr. Achayya had committed himself in this behalf his action should be respected. It has to be pointed out that Mr. Achayya acted bona fide to help the Police at their instance and did not act on behalf of the company.

The filatures have already been acquired by Govt. under the Defence of India Act and Rules framed thereunder, and the compensation received from Govt. in this behalf and the funds at the disposal of the company would not permit of more than a pro-rata distribution among its share-holders, who should not be burdened with a charge for which the company is not liable

In the circumstances I request that the claim of the Auditors may kindly be settled by Govt. to the extent admissible under the Rules.

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Letter No.22516.D-1/43, dated Fort-St. George, 16th September 1943 from the Secretary to the Govt. of Madras, to the Managing Director, Kollegal Silk Filatures Ltd., Mysore Chamber of Commerce Building, Kempegowda Road. Mangalore City.

Kollegal Silk Filatures, Ltd., Audit-payment of fees.

Ref:--Your letter No.Nil, dated 10th Aug. 1943.

In reply to your letter cited, I am directed to suggest that the Dt. Supdt. of Police, Coimbatore should be addressed in the matter as the investigation into the accounts of the company was undertaken at his instance, in connection with the criminal proceedings against the ex-managing agents.

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FOR Inspr.-Genl. of Police.

KVS.4.12.

Before 34/29/12

DRAFT FOR APPROVAL.

C.F. 17.

HOME DEPARTMENT.

	Date.	Initials.
When received for fair copying		
When copied	30/12	MP
When examined		-
When signed		
When despatched.		

SUBJECT:—

Fees - Kollegal Silk Filatures ltd; Station Kollegal/Crime No.11/42-Section 409, I.P.C. - Investigation of accounts - Auditors' fees - Sanctioned.

READ AGAIN ....., dated ..... 19....

" " ..... " ..... 19....

READ *ALSO*:—

No.29582K/43 From the I.G. of Police, Rc, No.1135C/statl/43, dated 7/12/1943.

" ..... " ..... " ..... " ..... 19....

" ..... " ..... " ..... " ..... 19....

~~Order~~ ~~Resolution~~ Ms. ~~Rout.~~ No. 3432 dated 29/12/43 19....

The Government sanction the payment of a fee of Rs.1240/- (Rupees one thousand two hundred and forty only) to Messrs. Sankaran and ~~Raman~~ Raman, Registered Accountants, for their services in

1/cf

in connection with the inquiry relating to the prosecution of the ex-managing agents of the Kollegal Silk Filatures Ltd., in Kollegal Station Crime No.11/42.

2. The expenditure should be met from the appropriation under '29.C.Police - Dt.Executive Force - A.District Police - I. Ordinary areas - 5 Contingencies - Authorised - Other charges - Miscellaneous'. 124

14.12.43. 15/12

16/12/43

17/12/43

To

The I.G. of Police, Madras.

The A.G. thro' Finance.

~~Copy to the D.M., Coimbatore.~~

Copy to the Director of Industries & Commerce., Madras.

C.No.29592K/43.

HOME DEPARTMENT.

Fees - Kollegal Silk Filatures Ltd., - Kollegal Station Crime No.11/42-Section 409, I.P.C. - Payment of auditors' fees.

From the I.G. of Police, RC.No.1135C/Stat1/43, dated 7/12/43.

U.S.

In August last the Managing-Director of the Kollegal Silk Filatures Ltd. addressed the Government in regard to the payment of a fees of Rs.1200 to the auditor of the firm of Messrs. Sankaran and Raman, whose services were engaged to audit the accounts ~~to investigate and~~ in order to furnish the police with the requisite material to conduct the prosecution against the ex-Managing Agents, Messrs. F.L. Silva and Sons. The Director of Industries and Commerce who was consulted stated that the payment of auditors' fees was not a matter that concerned Government. He also forwarded a copy of the letter dated 18/7/42 from the D.S.P. Comibatore to the Sericultural Expert Kollegal, in which the former stated that the auditors' fees would be paid by Government. The Director of Industries and Commerce stated that if the Government decided to pay the fee the police department should foot the bill. It was therefore suggested to the Managing-Director of the Silk Filatures Ltd in Letter No.22516D-1 Devt dated 16/9/43, that the D.S.P. Coimbato should be addressed in the matter of payment of fees as the investigation into the accounts of the Company was undertaken at his instance. ~~Please see note on p.3 n.f. in (R).~~

2. The Inspector General of Police now requests that the Government may ~~allowed~~ accord sanction for the payment of a sum of Rs.1240 to Messrs. Sankaran and Raman (The amount of fees previously reported was Rs.1200). A copy of the bill is at p.5 c.f.

3. Ordinarily the prior sanction of the Government should have been obtained for the appointment of and payment of fees to the auditors. (Pl. see in this connection this draft note on p.1 n.f. of (R)) The circumstances under which the auditors were engaged without prior sanction are explained in the D.S.P.'s letter on pp.3-4 c.f. The Inspector General says that the services of the auditors were absolutely necessary for the efficient prosecution of the case and recommends the payment of the fees claimed.

4. Subject to orders a draft order is submitted

submitted for approval. It may be sent to Development and Finance for acceptance.

Home. 42552-A1
17/1/43

May be accepted
16/12/43

ADDITIONAL UNDER SECRETARY TO GOVERNMENT
18 DEC 1943
DEVELOPMENT DEPARTMENT

To Addl A.S.

The draft order may be accepted and the file passed on to Dev. Deptt

21/12/43

Dev u.o. 44104 D/43
21.12.43

Finance (Exp A)

The draft order may be accepted.

25.12.43

FINANCE DEPARTMENT
22 DEC 1943

Issue
28/12/43

Fin u.o. 41315 Exp/43
29.12.43

ASSISTANT SECRETARY TO GOVERNMENT
28 DEC 1943
HOME DEPARTMENT

31492